



STATE OF WASHINGTON

PUBLIC DISCLOSURE COMMISSION

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BEFORE THE PUBLIC DISCLOSURE COMMISSION OF THE STATE OF WASHINGTON

IN RE COMPLIANCE
WITH RCW 42.17

Dwight Pelz

Respondent

PDC CASE NO: 06-303

Report of Investigation

I.

Complaint

- 1.1 On January 27, 2006, Richard Pope filed a citizen action (45-day letter) in accordance with RCW 42.17.400 with the Office of the Attorney General and with the county prosecutor's offices in King and Thurston counties. **See Exhibit #1.** Specifically, the citizen action letter from Mr. Pope alleged that Dwight Pelz, a former King County Council member and candidate for both King County Council and Seattle City Council in 2005, failed to timely disclose contribution and expenditure activities for the King County Council race and failed to list the times for the open records inspection period.
- 1.2 The Attorney General's Office referred the complaint to the Public Disclosure Commission (PDC) for investigation on February 1, 2006.

II.

Background

- 2.1 On April 3, 2002, Dwight Pelz filed a Candidate Registration Statement (PDC Form C-1) declaring his candidacy for re-election to the King County Council for the 2005 election cycle.
- 2.2 Mr. Pelz was first elected to the King County Council in 1997, and was re-elected to that position in 2001. Prior to 1997, Mr. Pelz served as a Washington State Senator representing the 37th Legislative District.



- 2.3 On March 8, 2004, Mr. Pelz filed an additional C-1 declaring his candidacy for the Seattle City Council for the 2005 election cycle.

III.

Findings of Facts

- 3.1 On February 6, 2006, the Dwight Pelz Campaign provided their response to the Citizen Action Letter stating that King County Initiative 18, which was approved by voters on the November 2004 ballot, reduced the number of King County Council members from 13 to 9 and required the county to redistrict the council. **See Exhibit #2.** Mr. Pelz decided in early 2004 to run for the Seattle City Council, and no longer seek re-election to the King County Council. He submitted a C-1 on March 8, 2004, declaring his candidacy for Seattle City Council. The campaign stated the following:
- “From that time forward, we neither solicited nor accepted any funds for the County Council Position #5 Race. The last donations we accepted for the Council race were received in October, 2003, and reported on the November, 2003 C4.” “...For all intents and purposes, that campaign was considered defunct.”**
- 3.2 Mr. Pope alleged that the Dwight Pelz King County Council Campaign failed to include any information about the open records inspection period on the C-1 filed April 3, 2002.
- 3.3 After filing a C-1 on March 8, 2004, declaring his candidacy for the Seattle City Council for the 2005 election cycle, Mr. Pelz was no longer a candidate for King County Council. The Dwight Pelz Campaign stated the following:
- “The 2002 C1 filed for the County Council campaign indicated that a time for reviewing the books would be determined at a later date. Because the campaign was not active, we did not select a time for the viewing. The books would have been made available for inspection if Mr. Pope had requested an opportunity.”**
- 3.4 Mr. Pope also alleged that the Dwight Pelz King County Council Campaign failed to timely file a number of C-4 reports disclosing contribution and expenditure activities in 2002-2004. The Dwight Pelz Campaign filed a total of 14 C-4 reports between May 15, 2002, and October 10, 2004, of which six C-4 reports were timely filed. The 8 C-4 reports listed in the Citizen Action Letter are detailed in the chart below as follows:

C-4 Period	Date Due	Date Filed	Days Late	Total Cont.	Total Expend.
April 2002	May 10, 2002	May 14, 2002	4	\$4,033	\$1,159.00
June 2002	July 10, 2002	July 11, 2002	1	\$1,082	0
Nov '02-Jan '03	February 10, 2003	Feb. 11, 2003	1	\$ 500	\$ 116.67
March 2003	April 10, 2003	May 9, 2003	29	0	\$ 2,203.08
Feb. 2004	April 10, 2004	April 10, 2004	0	\$1,440.92	\$ 76.00
May 2004	June 10, 2004	July 11, 2004	31	0	\$16,586.00
July 2004	August 10, '04	October 10, '04	61	0	\$ 631.00
August 2004	September 10, '04	October 10, '04	30	0	\$ 1,001.00
Totals			4-61	\$7,055.92	\$21,772.75

- 3.5 Of the \$21,696.75 in total expenditures reported late by the Dwight Pelz Campaign, \$18,218 of the expenditures were for transfers to Mr. Pelz's Seattle City Council Campaign with permission of donors. The Pelz Campaign provided a sample of one of the contributor letters sent to donors to the King County Council race seeking the donor's permission to transfer funds. **See Exhibit #3.** The Dwight Pelz Campaign stated the following about the May, July and August 2004 C-4 reports:

"The C4 reports dated September 10, 2004 and July 10, 2004 show that we transferred funds from the County Council race into the City Council race. As required under RCW 42.17.790, this was accomplished with a written statement by the contributor. I have attached a copy of such a letter for your files. Only funds approved by the contributor were transferred into the City race campaign bank account."

"The County Council campaign was now defunct, as Dwight Pelz's Seattle City Council race was in full swing. This report shows that, as allowed under RCW 42.17.790, we transferred funds into the City Council race, and these transfers were shown on the appropriate C3 reports. My focus was on filing the City Council campaign C3 and C4 reports, rather than the County Council race, and I apologize that this resulted in my filing the report late."

- 3.6 PDC staff contacted the Seattle Ethics and Elections Commission (SEEC) and discussed with SEEC staff member Polly Grow, Campaign Finance Auditor, her interaction with the Dwight Pelz Campaign for the 2005 Seattle City Council race. Ms. Grow stated that she met with the Dwight Pelz Campaign and determined which contributors from the King County Council race were eligible to be contacted for permission to transfer funds, and checked those names off as the funds were transferred. Ms. Grow did not specifically remember if she reviewed the letters maintained by the Pelz Campaign for contributors that had authorized the transfer.

3.7 With regard to the remaining C-4 reports, the Dwight Pelz Campaign stated the following:

- April 10, 2002 C4: "This was mailed to the PDC on April 10, 2002, and a postmark on the envelope would have shown that it was "submitted" via mail on the due date."
- June 10, 2002 C4: "This was mailed to the PDC on June 9 or June 10, 2002, and a postmark on the envelope would have shown that it was "submitted" via mail by the due date. I notice that the Schedule A is missing from the webpage, and I apologize if it was accidentally omitted from my mailing. The C4 shows that we spent no funds during the reporting time, and the necessary C3 reports were filed by the due date, disclosing the actions of the campaign from May 1, 2002 through June 30, 2002."
- February 10, 2003 C4: "This was submitted to the PDC on-line via WEDS one day late."

The C-4 report filed on February 11, 2003, covered the period of November 1, 2002-January 31, 2003 and disclosed a \$116.67 payment to the Internal Revenue Service made on November 11, 2002, and a \$500 deposit of campaign contributions made on January 12, 2003.

- May 10, 2003 C4: "This report contained transactions made from February 1, 2003 through April 30, 2003, and I chose to combine the two months' activities together, which resulted in disclosing expenditures made in March 2003 one month late."
- April 10, 2004 C4: "This report contained transactions made from November, 2003 through March 31, 2004 and I combined activities from February and March 2004 on this report. I was notified in March 2004 via Key Bank that we had accrued interest in our account and therefore reported this interest on the next C4. The expenditures made by the campaign were disclosed by the appropriate time period."

The C-4 report filed on April 10, 2004, covered the period of November 1, 2003-March 31, 2004, and disclosed a \$76 payment to the US Post Office on November 7, 2003, and two bank deposits made on February 15, 2004, totaling \$1440.92. The two bank deposits were for accrued bank interest for calendar years 2002 and 2003, and totaled \$1440.92. No C-4 report was required to be filed on March 10, 2004, since bank interest is not a contribution that triggers a C-4 reporting requirement. Thus, the C-4 report filed on April 10, 2004, was timely filed.

- 3.8 The Dwight Pelz Campaign for King County Council filed a final C-4 report on February 7, 2006. The C-4 report disclosed a total of \$11,188.26 in expenditures to close the account for King County Council that included the following expenditures: a) two expenditures on August 30, 2005, totaling \$1,280 for transfers to Mr. Pelz's Seattle City Council Campaign with permission of donors; b) three payments to the IRS totaling more than \$207; c) an October 1, 2005, expenditure of \$1,250 in surplus funds to the King County Democratic Central Committee; and d) a November 30, 2005, expenditure of \$8,311.90 in surplus funds to Washington Ceasefire, reported as a charitable donation of surplus funds.
- 3.9 In all matters relating to this investigation, Dwight Pelz and Helen Chatalas, campaign treasurer, have fully cooperated.

IV.

Scope

- 4.1 Public Disclosure Commission (PDC) staff reviewed the 45-day citizen action letter filed by Richard Pope.
- 4.2 PDC staff reviewed the contribution and expenditure database for information filed by the Dwight Pelz Campaign.
- 4.3 PDC staff reviewed the reports of contribution and expenditure activities filed by the Dwight Pelz Campaign for his candidacies for King County Council and Seattle City Council in 2005, respectively.
- 4.4 PDC staff review the response submitted by the Dwight Pelz Campaign via electronic message on February 6, 2006, and a one-page facsimile that was transmitted the same day.

V.

Law & Administrative Rules

- 5.1 **RCW 42.17.080** states in part the following

“(2) At the following intervals each treasurer shall file with the commission and the county auditor or elections officer of the county in which the candidate resides, or in the case of a political committee, the county in which the committee maintains its office or headquarters, and if there is no office or headquarters then in the county in which the treasurer resides, a report containing the information required by RCW 42.17.090:

(a) On the twenty-first day and the seventh day immediately preceding the date on which the election is held; and

(c) On the tenth day of each month in which no other reports are required to be filed under this section: PROVIDED, That such report shall only be filed if the committee has received a contribution or made an expenditure in the preceding calendar month and either the total contributions received or total expenditures made since the last such report exceed two hundred dollars.

When there is no outstanding debt or obligation, and the campaign fund is closed, and the campaign is concluded in all respects, and in the case of a political committee, the committee has ceased to function and has dissolved, the treasurer shall file a final report. Upon submitting a final report, the duties of the treasurer shall cease and there shall be no obligation to make any further reports.

The report filed twenty-one days before the election shall report all contributions received and expenditures made as of the end of the fifth business day before the date of the report. The report filed seven days before the election shall report all contributions received and expenditures made as of the end of the one business day before the date of the report. Reports filed on the tenth day of the month shall report all contributions received and expenditures made from the closing date of the last report filed through the last day of the month preceding the date of the current report.

(3) For the period beginning the first day of the fourth month preceding the date on which the special or general election is held and ending on the date of that election, each Monday the treasurer shall file with the commission and the appropriate county elections officer a report of each bank deposit made during the previous seven calendar days. The report shall contain the name of each person contributing the funds so deposited and the amount contributed by each person. However, contributions of no more than twenty-five dollars in the aggregate from any one person may be deposited without identifying the contributor. A copy of the report shall be retained by the treasurer for his or her records. In the event of deposits made by a deputy treasurer, the copy shall be forwarded to the treasurer for his or her records. Each report shall be certified as correct by the treasurer or deputy treasurer making the deposit."

“(1) Each report required under RCW 42.17.080 (1) and (2) shall disclose the following:

(a) The funds on hand at the beginning of the period;

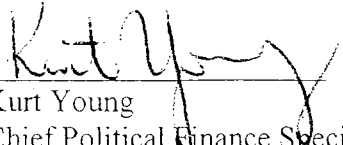
(b) The name and address of each person who has made one or more contributions during the period, together with the money value and date of such contributions and the aggregate value of all contributions received from each such person during the campaign or in the case of a continuing political committee, the current calendar year: PROVIDED, That pledges in the aggregate of less than one hundred dollars from any one person need not be reported: PROVIDED FURTHER, That the income which results from a fund-raising activity conducted in accordance with RCW 42.17.067 may be reported as one lump sum, with the exception of that portion of such income which was received from persons whose names and addresses are required to be included in the report required by RCW 42.17.067: PROVIDED FURTHER, That contributions of no more than twenty-five dollars in the aggregate from any one person during the election campaign may be reported as one lump sum so long as the campaign treasurer maintains a separate and private list of the name, address, and amount of each such contributor: PROVIDED FURTHER, That the money value of contributions of postage shall be the face value of such postage;

(e) The name and address of each candidate or political committee to which any transfer of funds was made, together with the amounts and dates of such transfers;

5.3 **RCW 42.17.790** states in part the following

“(2) With the written approval of the contributor, a candidate for public office or the candidate's political committee may use or permit the use of contributions, whether or not surplus, solicited for or received by the candidate for public office or the candidate's political committee from that contributor to further the candidacy of the individual for an office other than the office designated on the statement of organization. If the contributor does not approve the use of his or her contribution to further the candidacy of the individual for an office other than the office designated on the statement of organization at the time of the contribution, the contribution must be considered surplus funds and disposed of in accordance with RCW 42.17.095.”

Respectfully submitted this 3rd day of February, 2006.


Kurt Young
Chief Political Finance Specialist

List of Exhibits:

- Exhibit #1** January 27, 2006, a 45-day Citizen Action Letter was filed by Richard Pope against Dwight Pelz.
- Exhibit #2** February 6, 2006, response submitted by the Dwight Pelz Campaign via electronic message.
- Exhibit #3** February 6, 2006, one-page facsimile that was transmitted by the Dwight Pelz Campaign.